United Nations A/C.2/54/SR.9

General Assembly
Fifty-fourth session

Official Records

Distr.: General
4 November 1999

Original: English

Second Committee

Summary record of the 9th meeting
Held at Headquarters, New York, on Monday, 11 October 1999, at 10 a.m.

Chairman: Mr. Brauzzi (Vice-Chairman) ..... (Italy)

Contents

Agenda item 97: Macroeconomic policy questions *(continued)*

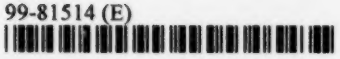
(d) Science and technology for development *(continued)*

(e) External debt crisis and development *(continued)*

This record is subject to correction. Corrections should be sent under the signature of a member of the delegation concerned *within one week of the date of publication* to the Chief of the Official Records Editing Section, room DC2-750, 2 United Nations Plaza, and incorporated in a copy of the record.

Corrections will be issued after the end of the session, in a separate corrigendum for each Committee.

99-81514 (E)



In the absence of the Mr. Olhaye (Djibouti), Mr. Brauzzi (Italy), Vice-Chairman, took the Chair.

The meeting was called to order at 10.10 a.m.

Agenda item 97: Macroeconomic policy questions *(continued)* (A/54/56, A/54/94-S/1999/518, A/54/170, 175, 270 and 370)

(d) Science and technology for development *(continued)*

(e) External debt crisis and development *(continued)*

1. **Mr. Tchoulkov** (Russian Federation) said that thus far the United Nations had been at the periphery rather than in the mainstream of science and technology for development, but, as the technology gap between industrialized and developing countries continued to widen, it must participate in efforts to share the benefits of technology with all countries.

2. The selection of national capacity-building in biotechnology as the theme for the Commission on Science and Technology for Development for the period 1999-2001 was very timely. Two aspects of biotechnology were of particular concern: the potential loss of biological diversity as a result of a transition towards a limited number of high-yield crops, and the threat posed to the environment by the proliferation of genetically modified organisms. The Commission should therefore consider not only how biotechnology could be used to enhance food production but also the need for a legislative framework for biotechnology in order to protect human health, bio-diversity and natural ecosystems. Better coordination was needed between the Commission on Science and Technology for Development and the Commission on Sustainable Development.

3. Turning to the external debt crisis, he stressed the importance of taking an integrated approach. Besides direct financial support and debt relief, measures were needed that would allow indebted countries to mobilize their own resources through strengthening of export capacity and improving market access. Another possibility would be to establish a special preferential regime for exports from the heavily indebted poor countries. His delegation also supported the debt relief measures being undertaken within the framework of the Paris Club and the debt initiative approved at the Cologne summit of the major industrialized countries in June. The Russian Federation would continue to participate in debt relief assistance to specific countries on the basis of the agreed principles of burden-sharing.

4. **Mr. Escanero** (Mexico), speaking on behalf of the Rio Group, said that advances in information technology and telecommunications were creating a veritable third industrial revolution. Developing countries must have full access to science and technology, especially information technology or else they would be marginalized. Financial resources must be mobilized in order to create and promote those countries' scientific and technological capacity. Greater cooperation between the public and private sectors was also needed, in both developed and developing countries. The Commission on Science and Technology for Development must be strengthened, as must the regional and international cooperation mechanisms for science and technology.

5. **Mr. Aleman** (Ecuador) stressed the need for concerted action to solve the international financial crisis, and welcomed the Cologne debt initiative of the major industrialized countries as a sign of solidarity with countries like Ecuador, which had struggled with the impact of structural adjustment over the past several years.

6. Ecuador was experiencing one of the most serious economic crises in its history. Natural disasters triggered by the "El Niño" phenomenon had destroyed much of the country's production infrastructure, causing damage estimated at some $3 billion. With debt service consuming 42 per cent of the budget and an external debt standing at 315 per cent of its annual exports, Ecuador was among the most highly indebted countries in the world.

7. The Government had requested assistance with debt relief, and was making every effort in good faith to meet its obligations within its ability. However, it could not continue to restrict social and economic development and to delay the aspirations for a better future of its people, 61 per cent of whom lived in poverty. Any measures for economic adjustment and restructuring would be contingent on the Government's social development objectives: reduction of poverty and malnutrition, improved access to health care and education, lowering unemployment and raising family incomes. Ecuador's priority was to pay its social debt to its 12 million people; any other course of action would be wrong.

8. **Mr. Kolby** (Norway) said that an unsustainable debt burden was a major obstacle for many developing countries in reaching the target of reducing global poverty by half by 2015. Creditor nations, therefore, held the key to giving the poorest members of the world community a new start. Norway encouraged all creditor countries to seek ways to give the heavily indebted poor countries a new start. It was prepared to do its share and, indeed, was prepared to forgive 100 per cent of its commercial claims to those countries. Its

official development assistance had been given on a grant basis for many years.

9. Comprehensive strategies were needed to ensure that debt relief would result in poverty reduction, and the poverty reduction strategy papers would serve to strengthen the efforts of the developing countries themselves, as well as making International Monetary Fund (IMF) and World Bank assistance more effective. As national governments had the primary responsibility for setting macroeconomic, structural and social policies that would generate growth and contribute to poverty reduction, such comprehensive strategies should be country-driven and elaborated in close cooperation with the international financial institutions. Social sectors should be included in the reform programmes associated with the HIPC initiative, in order to increase efficiency and absorptive capacity.

10. Providing deeper and broader debt relief more rapidly would more than double the cost of the HIPC initiative. The scale of the financing required ruled out the possibility of continuing the current practice of making voluntary contributions on an ad hoc basis; a more reasonable and transparent formula for sharing the burden would be needed. The full financing of the enhanced HIPC mechanism would depend on the willingness of all the major industrialized countries to commit their share of the financing.

11. There was also some concern about the situation of a number of middle-income countries with an unsustainable debt burden which had been affected by conflict or natural disasters. The international community must do much more to provide an enabling international economic environment and must continue to adjust and reform the multilateral trading system to facilitate rather than obstruct the entry of developing countries into the global market.

12. In conclusion, Norway, as an expression of its commitment to the goal of halving the number of people living in absolute poverty by 2015, and out of its belief that debt relief should not be provided at the expense of efforts to mobilize official development assistance, had set up a plan for a gradual increase of its development assistance from its current 0.88 per cent to 1 per cent of GDP.

13. **Mr. Akinsanya** (Nigeria) said that the HIPC initiative had fallen short of expectations, as many countries were finding it difficult to satisfy the conditions required for them to benefit from it. His delegation welcomed the recent Cologne debt initiative, but felt that the eligibility criteria should be made flexible in order to accommodate as many debtor developing countries as possible.

14. He listed a number of proposals from his President intended to address the debt problem. Nigerians expected democracy to yield concrete dividends in their lives, yet heavy debt service obligations could be met only at the expense of investments in education, health care, housing, public transportation and other basic infrastructure. It would be impossible to satisfy the rising expectations of its people without a substantial reduction of the debt burden.

15. All efforts should be made to reverse illegal capital flight from Africa, which further complicated the debt problem; an estimated 37 per cent of Africa's wealth was held outside Africa. Nigeria called for the elaboration of an international convention on the repatriation to Africa and the developing world of all capital illegally transferred from those countries. Its aim would be to compel banks to disclose the source of funds they held and to require them to repatriate those funds to the countries of rightful ownership. The perpetrators of such illegal movement of funds would be subject to the full weight of national and international law.

16. **Mr. Özügergin** (Turkey) said that the Cologne debt initiative, the enhanced HIPC initiative and the new Growth and Poverty Reduction Facility were welcome innovations in the provision of debt relief to the neediest development partners. All those measures evinced a drive towards linking debt relief to policies aimed at reducing poverty worldwide. The use of debt-to-export ratios as determining criteria in earlier debt relief strategies, without due regard to urgent social needs, had significantly diminished the effectiveness of those strategies. However, the idea that funds liberated from debt servicing should be channelled into social action strategies had finally come to dominate current thinking. Although there were signs of slow recovery from the recent financial crises, the international community must not adopt an attitude of complacency.

17. It was essential that the international community should summon the political will to implement the new debt relief strategies. However, debt relief alone could not bring about long-term changes for the better. At the national level, policies must be developed and implemented in a transparent, democratic and participatory manner that involved civil society. Capacity-building and pro-poor strategies must be pursued relentlessly. Structural reform in the banking, social security and agricultural sectors was crucial, as was privatization, but there should be greater emphasis on social considerations.

18. It was generally agreed that the stability of the international financial system must be restored. IMF and the World Bank, while preserving their respective specialized

functions, should continue to improve the coordination of their responses to countries' financial problems. The contribution of private financial institutions to the stability of the international financial system should be enhanced through the acceptance of orderly debt work-outs based on equitable burden-sharing. Lastly, he thanked IMF, the World Bank, other multilateral institutions and multilateral and bilateral donors for their timely support for the design of streamlined emergency arrangements for mounting massive rescue operations in the wake of the recent earthquake in Turkey. He trusted that that cooperation would continue so that essential facilities and services could be restored and basic economic activities could be re-established to avoid long-term economic and social disruption.

19. **Mr. Menon** (India) said that the era of globalization, which had seen the emergence of global markets in goods, services and financial flows, was also an era of technological globalization. Communications technologies, especially the Internet, had removed the traditional constraints of cost, time and distance. That technology had enormous potential to provide education through distance learning and teleconferencing for developing countries, which lacked the resources to build the more traditional repositories of knowledge, such as libraries. The central challenge before the global community was to mobilize science and technology to tackle the crises facing developing societies, yet research and development of new technologies were overwhelmingly directed at the problems of rich countries. To cite only one example, technological innovation in the chemical and pharmaceutical industry had focused not on the major health risks facing the world — pneumonia, diarrhoeal diseases and tuberculosis — but on cosmetic drugs or slow-ripening tomatoes.

20. The current failure to meet the scientific and technical needs of the world's poorest resulted in a profound imbalance in the global production of knowledge. Two societies would co-exist: a world of the privileged with high incomes, education and literacy, accessing information at lower costs and higher speeds, and a world of others lacking even basic telecommunications. The United Nations had a unique opportunity to devise a framework for the establishment, in developing countries, of the necessary infrastructure to enable them to be part of the technological revolution. The *Human Development Report* for 1999 contained an interesting proposal for a bit tax on data sent by e-mail, which would generate enormous revenue that could be spent on such development.

21. Significant developments in bio-technology, particularly genetically altered crops, could reduce the need for herbicides and pesticides, enhance food production and find uses as pharmaceuticals. The long-term implications for the environment must be examined, however. It must also be recognized that much of that technology was derived from the bio-genetic resources and indigenous traditional knowledge of developing countries. The United Nations must provide some direction in the debate on the complex issues surrounding royalties for genetic material, and should help to fashion an international technological architecture that encouraged technological advances, but not at the cost of marginalizing the poorest and most vulnerable.

22. India had recognized the crucial importance of science and technology as the determinant of long-term growth, and its booming software industry reflected the potential that sector held for developing countries. It was imperative, however, that such efforts at the national level should be complemented by international rules that took into account the needs of developing countries for access to state-of-the-art technology. From that perspective, his delegation urged that the resolution to be adopted on that item should address the real challenges of harnessing science and technology for the common concerns of development.

23. **Mr. Seki** (Japan) said that the HIPC initiative had represented a means of rendering the situation of the beneficiary countries sustainable by offering an alternative to perpetual debt renegotiation. However, its implementation had long been in need of improvement. Consequently, his Government had expanded its bilateral debt relief measures and had begun to work with other countries to revise the HIPC initiative. It therefore welcomed the recent decision to make debt relief faster, deeper and broader. In the last 20 years, Japan had provided some $3 billion in grant aid for debt relief. Under the enhanced HIPC initiative, Japan would provide grants for debt relief of up to 100 per cent for bilateral ODA loans, thereby effectively cancelling ODA debt. For non-ODA loans, Japan would go beyond the 80-per-cent debt relief target when necessary. As a result, it would be providing relief of more bilateral debt than any other donor. Because the implementation of the enhanced HIPC initiative would require more resources, Japan had contributed over $70 million to the IMF and World Bank HIPC Trust Funds, and hoped that many other countries would also make contributions.

24. Debtor countries, for their part, must assume ownership of their problems, manage their economies appropriately and implement all necessary economic reforms. Developing countries needed to strengthen their debt-management capacity, with technical cooperation from the international community. Accordingly, the Governments of Japan and Kenya, along with IMF and the United Nations Development Programme (UNDP), had organized a debt

management seminar in Nairobi and planned to hold debt management workshops in Singapore in the near future. The resources made available through debt relief measures should be directed to investments in future development, especially in the social sector. Japan supported the strengthened link between debt relief and poverty reduction and welcomed the proposals to prepare poverty reduction strategy papers for each country and to reform the Enhanced Structural Adjustment Facility (ESAF) to place greater emphasis on national poverty reduction efforts.

25. Japan agreed with the argument that international assistance to the least developed countries should emphasize the provision of grants, in view of those countries' debt problems. However, long-term, low-interest ODA loans, if managed effectively and used to finance economically viable projects, could enable those countries to attract the large-scale investment needed for economic take-off. Japan had seen many countries, including least developed countries, make very effective use of that form of cooperation.

26. **Ms. Dong Guilan** (China) said that the reports of the United Nations Commission on Science and Technology for Development had provided a sound analysis of the new environment and challenges for the development of science and technology and had put forward valuable policy recommendations on how developing countries could enhance their capacities and their international competitiveness in that area. She hoped that the United Nations would give more support to the Commission and that the latter would pursue its study of the new challenges posed by the rapid globalization of economic, scientific and technological activities, particularly for the developing countries; continue to help strengthen the decision-making capacity of developing countries; and explore appropriate mechanisms for the implementation of its policy recommendations.

27. The tremendous wealth created by advances in science and technology had been distributed unevenly among the countries of the world. The globalization of those activities had widened the gap between rich and poor and between the North and the South in terms of both knowledge and resources. Although science and technology were the key to resolving the major problems facing mankind, such as overpopulation, disease, poverty, sustainable use of resources and environmental protection, the issue of science and technology for development had not been given the importance it deserved in the United Nations system. Instead, the bodies dealing with science and technology had been weakened since 1992. The United Nations had a crucial responsibility to promote development, *inter alia* through science and technology, and should therefore pay more attention to the practical needs of developing countries, support their reasonable demand for the removal of restrictions on technology transfers and for the mobilization of funds for cooperation in the field of science and technology, and enhance its support for science and technology.

28. Her Government had increased funding for science and technology by about 15 per cent a year since 1985 and had striven to reform and restructure the science and technology sector so that it would better serve economic development. In 1995, it had adopted a strategic plan for modernizing the country through science and education; in 1999, it had formulated a series of policies to encourage technological innovation. Those efforts had effectively boosted China's economic development. The Chinese Government would continue to strengthen its cooperation with the United Nations system in the field of science and technology.

29. With respect to the external debt crisis, she welcomed the latest efforts and commitments made by creditor countries and international institutions to alleviate the burden of heavily indebted countries. However, many of those countries were still vulnerable to external shocks. The commitments made on the issue of debt must be translated into actions and new ideas must be explored extensively to enable more developing countries to rid themselves of their debt burdens and direct their resources towards promoting economic and social development. In the meantime, care must be taken to ensure that new debt alleviation initiatives did not create new problems for developing countries. Although China was a developing country, it had done its best to support the international community's efforts to alleviate the debt problem, and would continue to do so.

30. **Mr. Kebede** (Ethiopia) said that the continued severity of the external debt crisis, particularly in Africa, showed that the pronouncements made by the international community had not led to concrete measures and tangible results, in part because the approach to debt-relief initiatives had been fragmented. While the sub-Saharan African countries' fiscal position had worsened as a result of falling commodity prices, their ratio of debt service to exports had risen from 12.8 per cent in 1997 to about 15 per cent in 1998. The African countries would have had to spend three fourths of their total export earnings in 1998 in order to meet all their scheduled debt service obligations.

31. Africa's debt service was adversely affecting health care and education by diverting desperately needed resources from those sectors. Over the last 15 years, primary school enrolment and access to basic health care had declined in sub-Saharan Africa. If current trends continued, the

international targets set for the reduction of infant mortality and the expansion of primary education would not be achievable for those countries. The international initiatives undertaken for African development had left the continent in a similar or even worse situation. Although the international community had gained a fuller understanding of the challenge of poverty in the 1990s, comprehensive and effective action to address it had lagged far behind.

32. The initial pace of the implementation of the HIPC initiative had left much to be desired. Although he welcomed the improvements made at the Cologne summit, more could be done in that regard. He fully supported the United Nations proposals for an enhanced HIPC initiative. In particular, he agreed that the time-frame for implementation should be shortened to three years. The initiative should apply standard, principled and economic criteria for eligibility, based on policy performance and ESAF programmes, rather than political or other criteria; non-economic considerations should not be used as a pretext for excluding eligible countries from the initiative. The initiative could not have a lasting impact on human resources development and poverty eradication unless the ceiling for the share of fiscal revenue allocated to external debt service was lowered significantly. Priority should be given to eliminating the debt burden rather than ensuring its sustainability. He urged development partners to cancel bilateral debt and to reverse the decline in ODA; pointing out, however, that resources for the implementation of the HIPC initiative should be additional to those provided through ODA. He welcomed the linkage between debt relief and poverty reduction, but felt that specific poverty reduction strategies and programmes should be left to individual Governments. In some countries, debt relief could also be linked to food security programmes, health and education investment programmes and rural road construction. He hoped that a comprehensive solution to the debt crisis would be designed and implemented on an urgent basis so that the debt burden would not be carried over to the next century.

33. **Mr. Osei-Danquah** (Ghana) said that the General Assembly had played a critical role in keeping the issue of the external debt crisis on the international agenda. He was heartened to note that the leaders of the industrialized countries had finally come to accept that debt relief for poor countries was an economic and moral imperative, but noted that, in the past, expressions of intent had not always been acted upon, sometimes because of domestic circumstances. The United Nations had a responsibility to continue to pressure the leaders of developed countries to translate their words into action. Since organizations of civil society also had a significant role to play in that regard, the General Assembly should enhance its collaboration and networking with groups such as Jubilee 2000 and Oxfam so as to create the groundswell of opinion needed to ensure that the commitments made were honoured.

34. Paragraphs 40 to 42 of the Secretary-General's report on recent developments in the debt situation of developing countries (A/54/370) showed how easily countries that met the fiscal criterion at the completion point could slip into a situation of fiscal unsustainability of debt as a result of debt-to-revenue target problems arising from commodity price declines, low demand for exports and other factors. Although the Cologne debt initiative and bilateral debt forgiveness initiatives were welcome, they could not, in themselves, ensure the permanent elimination of debt overhang and conditions for sustainable future debt management. More attention must be paid to the conditions for economic growth, such as improved market access. He regretted that, in some cases, debt forgiveness had been conditioned on the virtual elimination of ODA support for development projects in countries that opted for debt forgiveness. It was his understanding that, under the Cologne debt initiative, the industrialized countries had agreed to increase the share of grant-based financing they provided in addition to debt forgiveness. He asked for clarification from the countries concerned.

35. While he commended the decision to revalue up to 14 million ounces of IMF gold, the enhanced HIPC initiative would still fall far short of its promise unless a substantial portion of the proceeds was devoted to the HIPC initiative and donors assumed a greater share of the costs of the initiative. He supported the United Nations proposals summarized in paragraph 51 of the Secretary-General's report, except the proposal on partial sales of IMF gold, which could have a negative effect on the gold market. Moreover, at least 90 per cent debt reduction on non-ODA official bilateral debt should be extended to all heavily indebted poor countries. He also supported orderly debt work-outs for middle-income countries and others in similar situations, since that approach reduced social costs and helped to guarantee stability in the world economy.

36. **Mr. Myint** (Myanmar) said that over the last 50 years, unsustainable debt service burdens had prevented many countries from investing the amounts needed in order to achieve net sustained economic growth. He therefore welcomed the debt relief measures currently being taken by international institutions and creditor countries. In particular, the efforts to enhance and expedite the HIPC initiative were a step in the right direction. Since the launching of that initiative three years earlier, only a few countries had been given HIPC packages, which had proved to be a mixed

blessing because the structural adjustment policies required of those countries had been detrimental to the very people whom debt relief had been intended to help.

37. The crux of the debt problem was the unsustainability of the burden for countries that had to pay more than half their income towards debt servicing. Falling commodity prices, developed-country barriers to the exports of developing countries and subsidies of agricultural products had reduced developing countries' market access and income while increasing their debt burden. Debt relief should be considered in the context of an overall poverty reduction strategy. It should be aimed at improving social well-being and enhancing the potential of poor countries to achieve sustainable development. The total debt owed by the 42 heavily indebted poor countries, which was estimated at over $200 billion, represented only about one fiftieth of the wealth generated by the stock markets of the rich countries. He agreed with groups such as Jubilee 2000 that total debt cancellation should be the ultimate aim.

38. **Mr. Sutoyo** (Indonesia) said that, in the current information age, science and technology were of enormous importance to the international community. It was therefore disappointing that thus far the Commission on Science and Technology for Development had made no significant attempt to address the subject in a comprehensive and integrated manner. While the Organization had made considerable efforts during the previous two decades to promote the dissemination and effective application of information and communications technologies, purposeful system-wide coordination was still lacking and the measures taken were of a piecemeal nature.

39. Given the increasing importance of the issue, a focal point should be established to coordinate United Nations activities in that area and to mobilize financial resources for the dissemination of information and communications technologies in the developing countries. There was no need for a proliferation of new organs in the United Nations. Emphasis should be placed, instead, on enhancing the role of a relevant body, such as the Commission on Science and Technology for Development.

40. On the question of external indebtedness, the international community had over the years crafted a comprehensive debt strategy to assist developing countries in retiring their debt overhang. Nevertheless, the debt burden remained a formidable constraint and impaired the ability of many developing countries to achieve development. Governments often spent far more on debt servicing than basic services, such as primary health care and education. Globalization and the spreading financial turbulence, moreover, had added a new dimension to external indebtedness, including problems of liquidity.

41. A lasting and development-oriented solution to the problem required more debt relief to allow debtor countries to escape the never-ending rescheduling process and attain sustained growth and development. It was also important to ensure that the global economy was sustainable and that a more conducive external economic environment was promoted.

42. As a result of the financial crisis, the indebtedness of a number of Asian countries, including Indonesia, had soared. His Government believed that the situation had been aggravated by the international response to the crisis. Austerity was not the answer to the debt problem in Asia. Even the sound macroeconomic policies which had been pursued by many of the region's countries in previous decades had failed to guarantee sustainable growth and development. Indeed, experience had shown that a relatively stable economy was not enough in the face of the unbridled external shocks that often accompanied the process of financial liberalization.

43. While Indonesia still had doubts about the capacity of the relevant international institutions to mobilize adequate emergency funding, such funding should nevertheless be an integral part of the international mechanism for the management of economic crises. In reality, the affected countries bore all of the economic and social costs of financial crisis by accepting the conditionalities imposed by the international financial institutions. What countries really needed was some breathing space to enable them to return to the path of development.

44. Much to its dismay, Indonesia had also learned that its corporate sector had engaged in large-scale, short-term borrowing, which was highly vulnerable to swift changes in exchange rates. The steep depreciation of those rates had therefore raised debt-servicing costs significantly and led to serious repayment problems. To address the root causes of the problem, there was need for increased transparency in commercial banking operations and accurate reporting of private capital flows. Data collection should also be more comprehensive in its coverage to permit governments and financial market operators to monitor very short-term debt instruments, such as commercial paper and promissory notes, which could sharply increase a country's exposure to undue risks and shorten the maturity structure of its debt.

45. Even with those essential features in place, however, national policy alone could not ensure success in an increasingly interdependent world. A supportive international environment was also critical. Thus, the

developed countries should employ sound macroeconomic policies, especially in the areas of trade liberalization, financial flows and monetary stability. Serious efforts should also be directed towards securing adequate market access for developing countries' products, access to technology, stable exchange rates, reasonably low levels of interest rates and predictable and assured financial flows.

46. Further improvement of the international debt strategy should be in line with the "once and for all" approach designed to reduce the overall stock of debt of the indebted countries and should include the adoption of an integrated approach to all types of indebtedness, including multilateral, bilateral and commercial debt. Lastly, developed country contributions should be based on the provision of additional resources so as not to divert scarce development funds in the name of debt relief.

47. **Mr. Iaccarino** (United Nations Educational, Scientific and Cultural Organization (UNESCO)), reporting on the recent World Conference on Science, said that the primary goal of the Conference had been to provide a major forum at which all stakeholders in the scientific endeavour could consider ways in which the natural sciences could better respond to the needs and aspirations of society. The Conference had also provided an opportunity to raise the status of science on the political agenda.

48. Representatives of more than 150 countries and numerous intergovernmental and non-governmental organizations had participated in the Conference which had been organized by UNESCO with the assistance of the International Council of Scientific Unions (ICSU). Several specialized agencies of the United Nations, including the World Health Organization (WHO) and the Food and Agriculture Organization of the United Nations (FAO), had played an important role in elaborating the programme of the Conference and in drafting its two main documents, namely, the Declaration on Science and the Use of Scientific Knowledge and the Science Agenda — Framework for Action. The documents had been adopted unanimously and would be submitted to the next General Conference of UNESCO.

49. In those documents, the Conference recognized the need to use scientific knowledge in a responsible manner in order to address human needs and aspirations and to develop appropriate research programmes for that purpose. The Conference had also stressed the importance of enhanced regional and international cooperation and had called for interdisciplinary collaboration in the production and use of scientific knowledge. It had also urged Governments and the private sector to increase their support for developing an adequate science and technology capacity through appropriate education and research programmes as an indispensable foundation for economic, social, cultural and environmentally sound development. Lastly, the Conference had recognized that those needs were particularly urgent for developing countries.

50. **Mr. Egou-Engwau** (Uganda) said that the international community was entering the new millennium having failed to resolve the problem of external indebtedness. Africa and the highly indebted poor countries had been largely bypassed by the most effective forms of development financing, namely, private sector activities and transactions. The debt crisis was therefore only a small part of a much larger development crisis, whose solution required a holistic approach that addressed the related issues of trade, investment, finance and capacity-building. The solution should also take into account the particular conditions of different countries and regions and their respective priorities.

51. The following principles should shape future action on the debt problem: measures taken should be comprehensive, covering all types of debt; ratios for debt service to exports and debt service to fiscal revenue should better reflect the capacity of debtor countries to service their debts; clear ceilings must be set on the level of fiscal revenue allocated to debt servicing and, lastly, the efforts of developing countries to improve their economies needed to be supported.

52. The recent Cologne debt initiative and other measures to provide debt relief were steps in the right direction and should be fully implemented without the introduction of undue conditionalities. Consideration should also be given to deepening and widening further the HIPC initiative with a view to the eventual cancellation of all debts. The mobilization of resources to finance the HIPC initiative, however, should not compromise the provision of other development support.

53. On the subject of science and technology, he said that rapid advances in science and technology had led to quantum leaps in productivity and to economic advancement in those countries which had attained excellence in those areas. Regrettably, innovations in science and technology had been monopolized by the private sector and the high cost of research and property rights protection mechanisms had effectively excluded poor countries from the benefits of those advances. The United Nations could do much to promote the sharing of knowledge in the field of science and technology. Uganda supported the efforts of the Commission on Science and Technology for Development and the United Nations Conference on Trade and Development (UNCTAD)

to bridge the gap. Those efforts should be strengthened in order to ensure their effective impact at the country level.

54. **Mr. Prendergast** (Jamaica) said that the rising external indebtedness of developing countries severely hampered their efforts to achieve sustainable development and eradicate poverty. The problems of many highly indebted poor countries, particularly those in sub-Saharan Africa, had been compounded by the continuing decline in commodity prices. He hoped that the debt relief promised under the Cologne initiative would be expedited and that debt sustainability targets would realistically reflect the capacity of countries to pay. Debtor countries should participate as equal partners in the decision-making process concerning debt and related issues. He also supported the recommendation in paragraph 52 of the Secretary-General's report (A/54/370) that HIPC debt relief should seek in the first instance to remove whatever was the binding constraint, be it scarcity of foreign exchange or lack of budgetary resources. Lastly, a comprehensive approach was needed that encompassed both the highly indebted poor countries and the many middle-income countries which also carried significant debt burdens that hampered their poverty-reduction efforts.

55. On the subject of science and technology for development, the world economy had undergone fundamental changes in the previous two decades fuelled by the rapid globalization of economic, scientific and technological activities. To meet the challenges of the new technological environment, Governments had designed and implemented science and technology policies. His Government welcomed the formulation by the Commission on Science and Technology for Development of a common vision regarding the future contribution of science and technology for development. The Commission should continue to play a proactive role in the promotion of science and technology and coordinate United Nations activities in that area.

56. His Government had taken many of the Commission's recommendations seriously. Its science and technology policies were part of a wider system of innovation and globalization. Among the several initiatives in which it was involved was a hemisphere-wide project to develop a unified approach to poverty eradication through interaction with small farmers to determine how even small changes in technology could help to resolve some of their problems. The Government was also developing a stronger alliance with the private sector in the areas of research and development.

57. Science and technology offered a world of possibilities for developing countries to increase their participation in the global economy. In that connection, development cooperation which promoted the transfer of appropriate technologies and the exchange of knowledge and information was one of the best strategies for overcoming the obstacles in the way of success.

58. **Archbishop Martino** (Observer for the Holy See) said that considerable progress had been made in recent years in recognizing the significance of the debt burden of the poorest countries. The HIPC initiative, which was a major attempt to address simultaneously all the debt burdens of those countries within the framework of sound and lasting economic and social reform, was proceeding too slowly. The recent proposal for an enhanced HIPC initiative did, however, offer new opportunities, and individual countries had promised to provide bilateral assistance to some countries after their completion of the HIPC process. The commitments made to address the debt burden of a substantial number of poor countries should be honoured and the necessary financial resources must be guaranteed; in that regard, the wealthier countries had a special responsibility.

59. Debt relief should be definitive and should reach levels that were sufficient not only to rescue poor countries from a temporary crisis but also to relaunch their investment in long-term economic and human development. The entire international community should endeavour to achieve internationally recognized social development targets, particularly those set by the World Summit for Social Development.

60. Debt-relief programmes must establish a more tangible link with the fight against poverty. New models must be found to ensure effective use of the funds released from the debt-relief process for education, health care and the improvement of citizens' social and economic capacities. To that end, States and the international financial institutions must find ways of encouraging the involvement of the citizens and civil society of the poorer countries in the elaboration and subsequent monitoring of reform programmes. Citizens of developing countries were the first to recognize the unproductive use of international funds, or their misuse through corruption and poor governance. In that regard, a clear consensus should be reached not to allow countries accepting debt-relief packages to indulge in disproportionate spending on arms.

61. Funds must be guaranteed to ensure that the current debt-relief initiatives could proceed rapidly. However, that should not be at the cost of other essential development goals. There was an urgent need to generate new financial

resources to ensure that, even when the poorest countries' debt problems had been solved, they would receive clearly focused additional assistance to enable them to pursue the reforms they had begun.

62. **Mr. Waheed** (Pakistan) said that the most serious problem of developing countries was their external debt, since Governments could not meet social needs when they were forced to spend more than half of their budgets on debt-servicing. The Cologne debt initiative addressed only half of the debt burden of the highly indebted poor countries. Even countries that were likely to receive some benefits from the initiative had been asked to make exceptional efforts to meet the difficult targets set by IMF.

63. A number of middle-income developing countries also faced serious external debt problems. External debt in those countries was leading to a deterioration of living standards, social disorder and political instability. The debt/gross national product (GNP) ratio in many middle-income developing countries was extremely high. In Pakistan, for example, the debt/GNP ratio was 37 per cent and the debt/exports ratio was 203 per cent.

64. As a result of the imposition of sanctions in the aftermath of its nuclear tests in 1998, Pakistan had had to suspend debt-service payments to its creditors. The Prime Minister of Pakistan had launched the Debt-Retirement Fund in order to raise the necessary resources to solve Pakistan's acute external debt problem. In spite of that measure, Pakistan still had an enormous external debt that was rapidly becoming insurmountable. Pakistan, itself a highly indebted developing country, strongly believed that outright debt reduction was the only effective way of addressing the external-debt problem of middle-income developing countries.

65. Debt repayment was increasing absolute poverty in poor countries. Vast sums of money, which could have been spent on education, health care and employment, were being diverted to repay Western financial institutions. The developed countries must review their debt-relief policies and take immediate action to provide a durable solution to the external debt problems of all developing countries. His delegation firmly believed that the United Nations should have a key role in elaborating and implementing a comprehensive debt-relief programme.

66. **Mr. Chave** (Observer for Switzerland) said that, debt reduction was not a panacea that produced instantaneous results, since it could be effective only if recipient countries succeeded at the same time in adopting sound economic and budgetary policies as well as coherent medium- and long-term debt-reduction strategies. The success of such measures also depended on the broad participation and high level of commitment of all the relevant members of society in each country. It was therefore important to recognize that debt relief was a necessary — but not the only — condition for alleviating poverty and that it was a complex and relatively slow process.

67. It was essential to find an effective multilateral solution to the debt problem that was capable of dealing with the complexity of the situation and securing the large amount of financial resources required. That was why Switzerland had joined the HIPC initiative from the very outset and had contributed $30 million to the World Bank's HIPC Fund and had later made the commitment to make a more than proportional contribution to the Enhanced Structural Adjustment Facility (ESAF)/HIPC Fund of IMF.

68. The financing of the HIPC initiative continued to be a matter of concern. The main challenge was to obtain the considerable financial resources needed to ensure the initiative's smooth implementation. The creditor countries should decide how and when they would honour their promise to provide effective alleviation of the debt burden. Within the framework of the Bretton Woods institutions, Switzerland had actively supported measures to address the underfunding of the HIPC initiative and considered that all efforts to that end should be guided by four principles, namely: (1) debt-relief funding should be additional; (2) the financial integrity of multilateral institutions must be preserved; (3) all multilateral creditors should assume their part of the costs of debt relief; and (4) all non-debtor members of the International Development Association (IDA) should provide substantial bilateral financial contributions with a view to establishing a stable financial system for the initiative as soon as possible. His delegation noted that 75 per cent of the resources available to the HIPC Fund came from contributions from the Nordic countries, the Netherlands and Switzerland. It was essential that all countries, particularly the members of the Group of Seven, should take urgent measures to make effective contributions to the funding of the initiative.

69. **Mr. Mwakawago** (United Republic of Tanzania) said that although most African countries had undertaken painful economic reforms in order to establish a conducive framework for development, they had not been able to attract much foreign investment for development activities. While their export proceeds were declining owing to depressed world commodity prices, African countries still allocated a high proportion of government revenue to debt-servicing. In the United Republic of Tanzania, for example, the total external debt had been $7,978.9 million as of June 1999 but had reached $8,072.5 million by the end of July 1999. The

increase represented accrued interest on the principal even though no new loans had been contracted during that period.

70. Debt-servicing obligations consumed a large portion of African countries' revenue and made it difficult for them to meet the needs of health and education. At the World Summit for Social Development, it had been agreed that Governments should provide more funds for human resources development and poverty eradication. In such circumstances, African countries, particularly those with an unsustainable external debt, would continue to ask for debt relief. His delegation therefore strongly supported the Secretary-General's proposal that the remaining official bilateral debts of the poorest African countries should be converted into grants.

71. His delegation welcomed the revision of the HIPC initiative by the members of the Group of Seven and hoped that the enhanced HIPC initiative would provide faster and broader relief. However, the problem of securing the necessary funding for the initiative and the conditions for eligibility should be addressed as soon as possible. The HIPC initiative should not be taken as a substitute for increased bilateral non-debt-creating assistance, and the HIPC Fund should not be financed through reallocation of committed assistance.

72. **Mr. Reshetniak** (Ukraine) said that, in the 20 years that had passed since the United Nations Conference on Science and Technology for Development, disparities in the distribution of the results of scientific and technological achievements both between and within countries had increased. In the modern world, the development of national scientific and technological capacities was essential for increasing the competitiveness of the developing countries and the countries with economies in transition and ensuring their real integration into the world economic system. One of the main challenges for Governments and the international community in the coming years would be to bridge the gap between countries with scientific know-how and countries without access to such information.

73. His delegation appreciated the role of the United Nations system in streamlining and strengthening international cooperation in the field of technology. The Commission on Science and Technology for Development had a leading role to play in providing advice and specific recommendations to Governments and the subsidiary committees of the Economic and Social Council. The Commission should continue its close cooperation with the relevant United Nations bodies in order to fulfil its task as United Nations coordinator of activities related to science and technology for development. The identification of emerging global challenges in that area should continue to be one of the Commission's priority activities.

74. His delegation commended the reports that had been submitted on science and technology for development and supported the decisions adopted by the Commission at its fourth session as well as the priorities that had been set for the next inter-sessional period. The Commission's focus on the review of national information and communication strategies, the development of partnership in the sphere of science and technology, national capacity-building and strengthening the information network in the sphere of international scientific cooperation had been extremely useful. The work of the Commission was of great importance to countries with economies in transition and developing countries, and his delegation was convinced that, in order to enable the Commission to fulfil its mandate effectively, its regular budget should be maintained and, if possible, increased.

75. **Mr. Zarie Zare** (Islamic Republic of Iran) said that the advancement and rapid accumulation of knowledge and new technologies had not touched the lives of hundreds of millions of people still living in poverty. For the most part, scientific and technological institutions in developing countries were poorly adapted to meeting the needs of local industry, and new measures and mechanisms were required to enable them to assess their performance and exchange the best practices in that field. Science and technology must be addressed in the context of globalization and as an inalienable part of overall national development policy. The international community had a major role to play in creating and expanding mechanisms to facilitate the flow of technology to developing countries, which included the enhancement of foreign direct investment. Priority-setting and the involvement of small and medium-sized enterprises in networking and partnership between firms in developing countries could better serve the objectives of developing countries, particularly in the area of poverty eradication.

76. In the next millennium, information and communication technologies would be of crucial importance for the integration of developing countries into the world economy. Although various United Nations bodies had actively participated in the dissemination of such technologies and capacity-building in developing countries, more efforts were needed to utilize all means of disseminating information, particularly through the private sector. The balance between the freedom of transfer and exchange of scientific information and patent and copyright protection was another important issue that must be addressed. Other barriers, restrictions and conditions that had been imposed under various pretexts with a view to

limiting the transfer of new and innovative technologies to developing countries should be identified and removed.

77. The composition of external debt and its relationship to other macroeconomic indicators had undergone a dramatic transformation. Although short-term debt had been reduced, owing to reduced exports and a sluggish gross domestic product (GDP) in debtor countries, the ratio of debt to exports and debt to GDP had increased. The debt overhang of the middle-income countries and the heavily indebted poor countries was far from being eliminated and middle-income countries had been experiencing serious problems in servicing their debts. Some middle-income countries that had "graduated" from debt-rescheduling had had to seek new arrangements with their commercial and official bilateral creditors. In the Middle East and North Africa, the decline in oil prices had decreased export earnings and had led to a sharp increase in the debt-to-export ratio.

78. Financial crises in developing countries in the second half of the 1990s had become more frequent and had undermined their social and economic achievements. The worsening of the debt situation of middle-income and some lower-middle-income countries was due not only to the incapacity to pay debt obligations owing to temporary shortfalls in revenues but also to the more structural problem of raising sufficient revenue, particularly hard currency, in the long term to service their debts, while preserving their sustained economic growth and development. The external debt crisis would persist until the external environment was more conducive to the needs of developing countries. With regard to private commercial debt, it was important to develop a mechanism that would create a balance between the responsibility of debtors and creditors. The assumption of part of that debt by the public sector was neither an appropriate nor a durable solution and would increase moral risks in the future.

The meeting rose at 12.55 p.m.

The meeting was called to order at 3.05 p.m.

Agenda item 97: Macroeconomic policy questions (*continued*)

(d) Science and technology for development

(e) External debt crisis and development (A/54/270, A/54/370, A/54/56, A/54/94-S/1999/518, A/54/170, A/54/175)

1. **Mr. Ntakhwana** (Botswana), associating his delegation with the statement made by the representative of Guyana on behalf of the Group of 77 and China, emphasized the importance of science and technology and explained the focus adopted by his country for reorienting educational curricula to satisfy its growing needs through incentives for students in those disciplines.

2. Developing countries with industries still in their infancy were required to compete in world markets with the developed countries. Foreign direct investment through which technology transfer was facilitated should continue to be a central element in North-South cooperation. Science and technology were essential not only for the economy but also for protecting the environment and predicting and dealing with environmental changes.

3. Debt servicing continued to be a heavy burden for the developing countries, particularly the least developed countries. Repayments to lenders were not only unaffordable but also unsustainable. Debt servicing endangered development financing and the provision of social services.

4. The Heavily Indebted Poor Countries Initiative and the Cologne Initiative had the noble objective of helping to solve the debt crisis. However, they were not a panacea. A recent high-level seminar on African debt, held in Nairobi and chaired by President Festus G. Mogae of Botswana, had reached the conclusion that debt relief alone was not a definitive solution and that it was necessary to integrate the objectives of economic growth and social development; that encouragement must be given to the establishment of responsible systems of government and sound economic management; that solving the debt problem of Africa required a deep understanding of its structure, nature and origin and must be consistent with sustainable and long-term social and economic development; and that it was necessary to reduce dependence on Official Development Assistance.

5. Participants in the seminar had also expressed their satisfaction with the revision of the Heavily Indebted Poor Countries Initiative agreed at the Cologne Summit and with the broadening of the Initiative criteria to incorporate social dimensions, particularly poverty eradication. They had pointed to the need to reduce the time-frame for obtaining debt relief and to relax the stringent requirements pertaining to fiscal and other factors. They had also underlined that it was necessary for the Heavily Indebted Poor Countries Initiative to produce a positive net flow of resources even with the cancellation of the debt overhang; that it was essential to ensure that the savings accruing from debt relief were directed towards priority government expenditure and to have a partial cancellation of both bilateral and multilateral debt for all African countries.

6. Botswana expressed its gratitude to the President of the United States for his recent announcement of a possible 100 per cent debt relief for the poor countries and urged other member countries of the Organisation for Economic Cooperation and Development (OECD) to follow that example.

7. **Mr. Guglielmelli** (Venezuela) drew attention to the negative impact on his country of the reduction in commodity prices, particularly oil prices, and the heavy burden represented by the public external debt and its servicing, in spite of which Venezuela had fulfilled its international obligations on time and managed to reduce the volume of debt from 45 per cent of Gross Domestic Product at the end of 1993 to 22.4 per cent at the end of 1998.

8. It was necessary to establish a new system for managing external debt in order to release resources for social purposes and expenditure, and it was hoped to secure the support of creditors. Venezuela acknowledged the work done by the United Nations in connection with the problem of external debt and supported all activities directed at achieving practical and concrete results for solving it. Implementation of the Heavily Indebted Poor Countries Initiative was of particular importance for reducing the debt burden to feasible levels in the medium term. It was also important to increase international cooperation in producing a lasting solution to the problem of the external debt of developing countries, which could contribute to strengthening the world economy and promote the economic growth and sustainable development of those countries. It was necessary to encourage foreign investment and new resource inputs both by alleviating the debt burden through conversion programmes and by exchanges of debt for educational and social protection projects. It would also be advisable to introduce greater flexibility in the Paris Club negotiations and to reformulate the criteria for debt rescheduling.

9. The multilateral institutions must alter their policies, particularly with regard to ensuring a positive transfer of

resources to developing countries, reducing interest rates, extending debt repayment periods and cooperating with debtor countries in negotiations with commercial banks. He called on the International Monetary Fund to adopt vigorous measures to relieve the debt of the poorest countries and, in special circumstances, of middle-income countries encountering serious difficulties, and urged an increase in Official Development Assistance in order to release resources which would enable growth prospects to improve.

10. His delegation expressed its concern both at the delay in restructuring the debt of the most heavily indebted poor countries and, in particular, at the serious impact on many developing countries of the fall in commodity prices. It was also concerned that there was insufficient funding for the activities of the Enhanced Structural Adjustment Facility and the Heavily Indebted Poor Countries Debt Initiative, even for the few countries that could currently opt to receive such support. Bilateral contributions should be increased, distributing the burden proportionately, so that more countries could benefit from the Initiative.

11. At the ninth summit of the Heads of State and Government of the Group of 15, held in Jamaica in February 1999, his Government had signed the joint declaration and pointed out the need to resolve the problem of the debt burden for developing economies, for the sake of both the economies themselves and the international financial system. His delegation also reiterated its support for the Cologne Initiative to solve the debt problem and favoured giving preferential treatment to the poorest countries.

12. **Mr. Sibeko** (South Africa), after aligning his delegation with the statement made by the representative of Guyana on behalf of the Group of 77 and China, said that the chronic problem of external indebtedness was a drain on the resources of developing countries, especially the least developed. The net transfer of the resources of developing countries to developed countries condemned them to a state of perpetual underdevelopment and the continuing decline in official development assistance compounded the debt problem of developing countries, since they depended on it for their development. The failure to meet commitments made at various summits and conferences and the half-hearted implementation of the outcomes of the Uruguay Round of trade negotiations further worsened the situation. Additionally, the state of indebtedness of such countries was a disincentive for foreign direct investment.

13. The Economic Commission for Africa estimated that the total external debt of the continent had reached $350 billion, which imposed an unbearable burden on all the countries of the region. His delegation therefore welcomed the Cologne declaration of the Group of Seven and hoped that it would bring about an improvement to the Heavily Indebted Poor Countries Debt Initiative by allowing deeper, broader and faster debt relief through lower debt sustainability targets and larger debt reduction. A new set of targets should take into account the principle of capacity to pay; the Initiative should be well-financed; and the linkages between poverty reduction programmes and social and human development should not become new conditionalities. Eligibility criteria should also be clearly defined and time-frames should be reviewed in order to bring relief to countries faced with an untenable debt overhang.

14. In addition to debt relief measures, there was an urgent need for new financial flows to debtor countries and for creditor countries and the multilateral financial institutions to continue extending concessional financial assistance to support the economic reforms and the stabilization and structural adjustment programmes in developing countries. It was also important for African countries themselves to address the question of the flight of capital, since it was exasperating that a corrupt elite engaged in the illicit transfer of capital yet expected others to invest their resources in Africa's economy.

15. If developing countries were to meet their debt obligations, they needed additional sources of funding. Expansion of trade could bring in new resources, but in that case it was necessary to put an end to the new forms of protectionism within the framework of World Trade Organization agreements and provide market access for the competitive products of developing countries.

16. African leaders had immersed themselves in the struggle to end poverty, ignorance, disease, backwardness and the underdevelopment and pessimism of Africa. They had taken steps to restore the dignity of the people of Africa and deal with the perception that the continent depended on the charity of donors. The President of South Africa had recently said that it was no longer tolerable that, while the world recorded growth and development, Africa communicated a message of regression and underdevelopment. The new century must be an African century. Africa needed the support of the international community in the difficult and complex task of achieving its renaissance. Debt forgiveness was but one way of doing so.

17. **Mr. Cabactulan** (Philippines), after aligning his delegation with the statement by the representative of Guyana on behalf of the Group of 77 and China, said that a durable solution to the debt problem of developing countries should not only relieve their debt burden but also put them on the path to sustained economic growth and development.

For that reason, the reduction of debt stock and the lowering of debt servicing must be accompanied by the infusion of new money. United Nations resolutions had emphasized that new financial flows should go to debtor countries and that creditor countries and muitilateral financial institutions should continue to extend concessional financial assistance. The United Nations had contributed to sensitizing the international community to the debt problem. Previously, it had not been possible even to speak of relief on debts owed to multilateral financial institutions; that had changed and the Heavily Indebted Poor Countries Debt Initiative had come into being. Over the past three years, United Nations resolutions on debt had stressed the need for faster and deeper reduction of debts and flexible implementation of the eligibility criteria. The rigid time-frames in the "decision points" and "completion points" seemed to have become more flexible. The Cologne Initiative made it possible to shorten the second phase to less than three years, while the reduction of debt sustainability targets, the Paris Club debt cancellation at over 90 per cent and the possibility of a 100 per cent forgiveness of bilateral official development assistance debts opened up possibilities for even deeper debt reduction.

18. His delegation had welcomed President Clinton's announcement remitting in full the debts of countries meeting certain criteria and encouraged other creditor countries to follow his example. It was necessary to go even further, however. The intentions of the international community had to be translated into action. They should not get entangled in procedural complications. The financing required for the Heavily Indebted Poor Countries Debt Initiative should be made available at once and the industrialized countries should come forward immediately with their contributions. Flexibility should be the rule rather than the exception, and moreover it should be made retroactive for countries that had already completed their negotiations. The arrangements for eligible countries that had already reached their decision or completion points should be adjusted accordingly.

19. No solution to the problem would be complete until the debt burden of debt-distressed middle-income countries was taken into account. Such countries had been religiously meeting their obligations, sometimes at the expense of their social programmes. Some might have debt-servicing difficulties as a consequence of financial crises, however, or because of structural problems in raising enough revenue. It should be remembered that middle-income countries contributed a significant share to global finance and trade and that the debt crisis in the 1980s had been precipitated by their failure to service some of their debts. It might be judicious to monitor their situation, particularly with regard to private sector debt, and to explore ways of resolving the problem of their indebtedness. That would be to the benefit of all.

20. **Mr. Toussaint** (Haiti) said that he associated himself fully with the statement made by the representative of Guyana on behalf of the Group of 77 and China. The developing countries and, in particular, those of Latin America and the Caribbean had begun the 1990s with optimism regarding their economic development, since the end of the cold war and the resolution of various conflicts in the region had promoted a more stable political climate favourable to growth. Many Governments had taken advantage of that situation to undertake economic reforms and implement structural adjustment policies, despite the attendant social costs. Unfortunately, their hopes had been frustrated by the international macroeconomic situation, including the implementation of the Uruguay Round trade agreements, the serious financial crisis originating in Asia and, above all, the persistent debt burden of the poorest countries.

21. Since 1994, his Government had been carrying out a programme for revitalization and modernization of the economy with a focus on external debt rescheduling and entry into negotiations with creditors within the Paris Club framework. Although Haiti's partners had been very understanding, the debt relief granted had proved insufficient to free up the capital needed to finance renewed economic growth. Economic and Social Council resolution 1999/11 of 27 July 1999, entitled "Long-term strategy and programme of support for Haiti", showed that country's need for special treatment of its external debt. Unfortunately, Haiti's difficult economic situation had not sufficed to convince the primary world creditors that Haiti should be among the beneficiaries of the Heavily Indebted Poor Countries (HIPC) initiative.

22. His Government appreciated recently adopted debt relief measures such as the Cologne Initiative, the Jubilee 2000 campaign and the announcement by the United States Government that it would soon cancel the bilateral debt of poor countries. However, he hoped that there would be no discriminatory or restrictive provisions affecting the implementation of those measures since the consequences of debt were the same everywhere: poverty and social instability.

23. **Mr. Aujali** (Libyan Arab Jamahiriya) said that he associated himself with the statement made by the representative of Guyana on behalf of the Group of 77 and China and that the United Nations was aware of the harmful

effects of debt, which had slowed the economic and social development of the heavily indebted poor countries, leaving them unable to meet the basic social needs of their people. Those most affected by that situation were children, women and older persons.

24. The debt problem had expanded out of control in the 1980s; since then, its burden had become increasingly heavy. Public spending had decreased considerably, and the poor had no influence on decisions affecting their future. The African countries were the worst affected, since they faced not only economic problems but also natural disasters. The excessive conditions imposed by creditor countries had placed a genuine political stranglehold on the people and governments of developing countries. Despite the good intentions of some creditors, they had been unable to establish equitable mechanisms to resolve the problem. There had been many proposals to cancel debt and lighten the debt burden of the developing countries, and he hoped that those proposals would be translated into concrete actions such as the HIPC initiative without the imposition of conditions for assistance.

25. It was unfair to handle the debt problem on a case-by-case basis, since the developing countries had no alternative but to engage in negotiations that were programmed in advance by the creditor countries of the North and the multilateral financial institutions. It was no surprise that the results of those negotiations had always been unfair to the developing countries. The international community should respect the right of peoples to development and evince the political will to establish a harmonious, balanced and fair system by endeavouring to ensure the effective implementation of the principles set forth in United Nations documents.

26. **Mr. Choi Seok-young** (Republic of Korea) said that the report of the Secretary-General on recent developments in the debt situation of developing countries (A/54/370) revealed the serious problems faced by heavily indebted poor countries and the growing number of medium-income developing countries whose problems had been accentuated by the Asian crisis. The unsustainable debt burden was a major impediment to most developing countries' efforts to achieve poverty eradication and sustainable development. Debt relief should not be considered as a final goal, but rather as a means of helping countries to escape from poverty and to achieve social and human development.

27. Problems associated with the debt burden were complex, structural and interrelated. It was therefore important to note the emerging consensus on the link between property reduction and macroeconomic issues. The strategy for debt relief should be comprehensive and should take into account the interests of all sectors and stakeholders. While the HIPC initiative was a useful mechanism for addressing debt problems, its implementation had thus far been slow. Nevertheless, the Bretton Woods institutions' evaluation of the initiative had been positive. The Cologne Initiative, the enhanced HIPC initiative and the new Poverty Reduction and Growth Facility were considered major steps towards faster, deeper and broader debt relief. His Government welcomed the those initiatives and was considering contributing to the HIPC trust fund established by the World Bank.

28. It was essential to find the political will to translate those proposals into practice. At the international level, it was important to continue to provide developing countries with an enabling environment that would allow them to escape poverty and underdevelopment. At the national level, there was a need to develop policies for the promotion of sustainable development and to implement them in a transparent, participatory manner with a focus on the social sectors. Governments' social policies should be the key element of structural adjustment under the HIPC initiative. His Government was also concerned at the worsening situation of some middle-income countries which, despite good policies, were facing insolvency problems because of structural bottlenecks or external shocks. He hoped that the international community would also take appropriate action in that regard.

The meeting rose at 3.55 p.m.

United Nations A/C.2/54/SR.11

General Assembly
Fifty-fourth session

Official Records

Distr.: General
1 November 1999

Original: English

Second Committee

Summary record of the 11th meeting
Held at Headquarters, New York, on Tuesday, 12 October 1999, at 10 a.m.

Chairman: Mr. Matute (Vice-Chairman) ..... (Peru)

Contents

Agenda item 105: Implementation of the first United Nations Decade for the Eradication of Poverty (1997-2006)

This record is subject to correction. Corrections should be sent under the signature of a member of the delegation concerned *within one week of the date of publication* to the Chief of the Official Records Editing Section, room DC2-750, 2 United Nations Plaza, and incorporated in a copy of the record.

Corrections will be issued after the end of the session, in a separate corrigendum for each Committee.

99-81544 (E)

In the absence of Mr. Olhaye (Djibouti), Mr. Matute (Peru), Vice-Chairman, took the Chair.

The meeting was called to order at 10.15 a.m.

Agenda item 105: Implementation of the first United Nations Decade for the Eradication of Poverty (1997-2006) (A/54/98 and A/54/316)

1. **Mr. Krassowki** (Deputy-Director, Division for Social Policy and Development, Department of Economic and Social Affairs), introducing the agenda item, referred to the Secretary-General's report (A/54/316). While many Governments had made it a key policy concern, poverty had by no means been eradicated. Three billion people lived on $2 a day or less, millions of children were not in school and 1.5 billion people had no access to clean water.

2. The theme of the Decade for the current year was "Women and the eradication of poverty". Mainstreaming gender perspectives was the key to reducing gender inequalities related to poverty eradication.

3. Partnership among all the actors involved was crucial. A policy framework integrating macroeconomic, financial and social issues and an equitable economic growth strategy would optimize prospects for poverty eradication.

4. The report's recommendations for further action included enhanced international support, both bilateral and multilateral, and the mobilization of additional funding from all available sources.

5. In the year 2000, the theme for the International Day for the Eradication of Poverty would be "Globalization and the eradication of poverty." A special session of the General Assembly would be devoted to the follow-up of the implementation of the Copenhagen Declaration and Programme of Action, of which poverty eradication was one of the core issues.

6. **Mr. Talbot** (Guyana), speaking on behalf of the Group of 77 and China, recalled that the international community had pledged in 1996 to eradicate absolute poverty and reduce overall poverty substantially worldwide within the decade. It was clear that that goal was unlikely to be met, as the numbers of people living in abject poverty continued to rise. The response to that situation had been more rhetorical than real: official development assistance (ODA) had declined, while reliance on global market forces had led only to deepening inequalities. Furthermore, efforts to reduce global poverty had been sharply constrained by the impact of the financial crises of the past two years.

7. The global consensus against poverty heralded at Copenhagen needed to be re-energized by determined action at the global, regional and national levels. The United Nations should provide leadership, and action at the political and policy level should be coupled with concrete activities at the programme and operational level. The integration of a gender perspective throughout was essential to success, as women were among those most severely affected by poverty. Equal access to education was also crucial, since the result would be improved health and living standards and lower birth and mortality rates.

8. The World Bank's recent initiative on poverty was welcome. At the same time, however, the eradication of poverty must not constitute a new conditionality on the developing countries.

9. Actions that the Committee might wish to recommend to the General Assembly for its consideration included:

- Inviting Member States to cut absolute poverty in half by the year 2015;
- Inviting the industrialized countries to increase their ODA to 0.7 per cent of GNP;
- Calling on members of the World Trade Organization (WTO) to make the concerns of developing countries a central focus of the forthcoming Seattle round of multilateral trade negotiations;
- Reviewing, not later than the fifth year of the Decade, the objectives of the first United Nations Decade for the Eradication of Poverty and progress achieved, with a view to agreeing on modified objectives, if appropriate;
- Exploring the possibility of convening broadly based global hearings on poverty eradication with a view to determining a set of anti-poverty initiatives to be launched during the first decade of the twenty-first century;
- Integrating poverty eradication goals and strategies into the task of reforming the international financial structure;
- Examining the impact of globalization and interdependence on poverty eradication.

10. **Mr. Kääriäinen** (Finland), speaking on behalf of the European Union, the associated countries Bulgaria, Cyprus, the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, Romania, Slovakia and Slovenia, and the European Free Trade Association country member of the European Economic Area, Iceland, lamented the persistence of world poverty, particularly extreme poverty, and

reaffirmed the European Union's commitment to the international development goal of reducing by half the proportion of people living in extreme poverty by 2015. His delegation agreed with the Secretary-General's statement, in his report, that strong, sustained economic growth and human resource development were fundamental to poverty eradication (A/54/316, paras. 23 and 24). Strategies to combat poverty should promote sustainable growth based on strengthening self-help and the productive capacities of the poor. An increase in targeted social sector investments was also necessary in order to move closer to the goal of universal access to basic social services. The 20/20 Initiative should be the framework for such increases by both poor and donor countries.

11. Within the social sector, priority must be accorded to programmes targeted to the poorest people. With approximately 130 million children out of school and a very high drop-out rate in many countries, there was a need for immediate additional investments in universal primary education and basic health services. Another crucial element of poverty eradication was good governance, characterized by the rule of law, democratization, transparency, accountability and the opportunity for stakeholders to participate in the formulation and implementation of social and economic policies.

12. Referring to the 1999 theme for the International Day for the Eradication of Poverty, "Women and the eradication of poverty", he stressed the linkage between gender equality and poverty reduction and called for a change in mentalities with regard to women and girls. Legislative and administrative reforms would be necessary in order to ensure that women and men had equal access to economic resources, including the right to inheritance and ownership of land and other property, credit, natural resources and appropriate technology. Noting that many women, particularly rural women, had benefited from microfinance services, he said that women should participate in decision-making processes relating to such funds.

13. The United Nations and the World Bank must work together to combat poverty. Poverty eradication efforts should focus on problems of unemployment, particularly in the absence of adequate social safety nets, and debt relief for developing countries attempting to implement sound economic policies. In that connection, the European Union welcomed the most recent initiative to ease the debt burden of the heavily indebted poor countries (HIPCs) and looked forward to its speedy implementation. It also welcomed proposals to link debt relief to poverty reduction and the proposals by the World Bank and the International Monetary Fund (IMF) to link their assistance to poverty reduction strategies. The European Union would make every effort to provide its assistance within the same framework.

14. The international business community must become more actively involved in poverty reduction efforts through increased foreign direct investment (FDI) to developing countries, particularly the least developed countries in sub-Saharan Africa; the prevention of systemic capital market instability; the development of ethical trade and business principles; and practices that were in conformity with the standards of the International Labour Organization (ILO). In that connection, the European Union welcomed recent efforts by various transnational corporations to improve their business behaviour and supported the Secretary-General's proposal for a global compact on human rights, labour and environment, presented at the World Economic Forum in Davos in January 1999.

15. A reversal of the downward trend in ODA was also vital, together with a stronger partnership among all actors, including the United Nations, in order to ensure that Governments were able to assume ownership of their growth and poverty reduction strategies.

16. The European Union supported the Secretary-General's recommendations for possible action and initiatives for poverty eradication towards the new millennium (A/54/316, chap. V). It agreed on the need for good governance, an efficient administrative and institutional support structure, adequate human and financial resource capacity and active partnership among all development actors (A/54/316, para. 44). Particular attention should be devoted to the eradication of extreme poverty. The European Union was prepared to contribute actively to that end. In that connection, it had proposed that poverty eradication in the context of globalization should be a theme of the Millennium Assembly.

17. **Mr. Farar** (United States of America) said that poverty could not be eradicated by the mere transfer of resources to the poor; skills development among them was required. Human-centred development, the concept outlined at Copenhagen, would enable the poor to enjoy basic political and economic freedoms while focusing on practical and effective ways of alleviating their suffering. The education of girls and women was of the first importance in that connection, and the United States Agency for International Development had placed girls' primary education and women's literacy at the top of its agenda.

18. The eradication of poverty must involve providing the poor with the tools they needed to thrive in a more prosperous society. To that end, good governance was critical: Governments must ensure access to health care,

housing, nutrition, education, infrastructure and access to land, and they must strengthen, encourage and protect civil society, local independent agencies, women's groups and non-governmental organizations working to alleviate poverty.

19. Economic growth was strongly correlated with poverty alleviation, and thus the most useful approach lay in the creation of a sound macroeconomic foundation for sustainable growth, with open markets, transparent regulatory systems, strong financial oversight and participatory decision-making.

20. United States President Clinton was seeking to forgive 100 per cent of the official bilateral debt owed by the poorest, most heavily indebted countries to the United States. Such an unprecedented relief initiative would help those countries use their resources to provide for basic human needs and development.

21. Poverty alleviation measures would be most likely to succeed if the poor were involved. Given a chance, the poor would work, save and reinvest their capital and thereby escape from the vicious poverty cycle.

22. **Mr. Chowdhury** (Bangladesh) said that poverty was increasingly viewed as the central challenge for the international community, and poverty reduction had become a major objective of Governments and development agencies. Social goals associated with poverty reduction, including universal primary education, reduced mortality rates and access to reproductive health services, had been widely adopted. To date, unfortunately, the results had been meagre: the proportion of people living in poverty in 1999 was the same as it had been in 1991, and the figure was likely to rise unless immediate action was taken.

23. The financial crises that had ended economic growth in East Asia, falling prices for African commodities, shrinking gross domestic product (GDP) figures in the Middle East and North Africa and natural disasters in various regions had all added to the impact of poverty. Another damaging factor was the debt burden borne by some of the world's poorest countries, aggravated not only by falling commodity prices but also by barriers against their exports.

24. The Secretary-General's report (A/54/316) discussed microcredit and poverty eradication, but it did not adequately show how microcredit programmes could lead to the mobilization of resources even in the poorest societies. Microcredit programmes helped to empower poor women, both within their own families and in their communities. They had proved their worth in situations of financial crisis. Such programs were an efficient and flexible tool in the service of poverty eradication and should be more fully explored and analysed.

25. Poverty was a complex, multidimensional reality, and the task of dealing with it required serious and substantive engagement and detailed recommendations for concrete actions. The eradication of poverty was a global commitment, and it was to be hoped that detailed investigation and analysis would lead to measures that would enable the Decade for the Eradication of Poverty to attain its objectives.

26. **Ms. Vargas** (Costa Rica), speaking on behalf of the Central American countries, said that the multidimensional character of poverty in Central America was exacerbated by the heavy external debt burden. Governments could not simultaneously service their external debt and provide social services. Studies undertaken by the United Nations Development Programme (UNDP) showed that the populations of the region lived in extreme poverty and were unable to break away from the vicious cycle of government assistance and assistance from the international community. That situation was worsened by natural disasters that set back the little progress that the States of the region had been able to make in their social programmes. The Central American countries did not have enough resources to cope with the effects of those catastrophes. Moreover, United Nations reports clearly showed that those natural disasters were aggravated by man-made factors. Natural hazards became disasters when they affected people and their socio-economic infrastructure to such an extent that the community or country could not cope with the overall impact.

27. Attempts should be made to promote sustainable development at the national and international levels. In that regard, the countries of Central America believed that the best means of eradicating poverty was through education and work. For that reason, they endorsed General Assembly resolutions A/53/223 and A/53/198, which highlighted the role of microcredit as an important anti-poverty tool that promoted the generation of productive self-employment and empowered people living in poverty, especially women.

28. The Central American countries had worked hard to maintain peace and consolidate democracy. However, that momentum could only be maintained through social policies that allowed families to secure employment, adequate wages, education, health and shelter. While the need for international solidarity was obvious in times of disaster, it was equally urgent and necessary in the context of international economic relations.

29. **Mr. Nebenzia** (Russian Federation) said that, despite noteworthy progress in the development field, poverty would unfortunately remain one of the central problems to be faced in the new millennium. Meeting the goals of the first United Nations Decade for the Eradication of Poverty would require active cooperation at the national and international levels for the full-scale and effective implementation of the relevant United Nations resolutions and the commitments made at the major world conferences of the 1990s. The operational funds and programmes of the United Nations system had made an important contribution in that area and had helped to integrate various aspects of poverty eradication into national sustainable development strategies. That issue should be the focus of future United Nations activities in the economic and social fields.

30. Poverty was more than an inadequate income: it affected the quality of life in all areas, including literacy, health and access to basic social services. Poverty was not confined to developing countries, either; the UNDP *Human Development Report* noted that over 100 million people in developed countries lived below the poverty threshold.

31. Recent experience with the HIPC initiative had shown the need for further efforts to find a long-term solution to the debt problem for poor countries. Financial support should be coupled with measures to assist debtor countries in mobilizing their own resources, especially by increasing their export potential and improving market access.

32. The goal of reducing absolute poverty by half by 2015 had received broad support, and days, years and decades were being devoted to the eradication of poverty; realistically, however, it was likely that the item would be inscribed on the agenda of the United Nations for a long time to come, until the goal of the eradication of poverty had been fully achieved. As agreed at the Copenhagen Summit, that goal was an ethical, social, political and economic imperative for humanity.

33. **Ms. Morake** (Botswana) said that the ability to translate the general consensus guidelines reached at various United Nations-sponsored international conferences held in the 1990s into regional, national and local action programmes presented an urgent challenge to the entire international community. She therefore urged the donor community to intensify efforts to fulfil the financial commitments undertaken at those conferences.

34. The depth of poverty was greater in sub-Saharan Africa than in any other region. The vast majority of the region's economies were based mainly on natural resources, and much of past development efforts had been at the expense of those resources. Their sustainable utilization should therefore be reconciled with strategies of rapid economic growth through, *inter alia*, economic diversification, job creation and investment in infrastructure, particularly social infrastructure.

35. Domestic strategies geared towards the achievement of those goals required the active engagement of all development actors, including bilateral donors, the Bretton Woods institutions and civil society. The cooperative action required by her Government in that regard should not be limited to policy advice and capacity-building. It should also be reinforced by real injections of FDI into the economy, because Botswana's aim was to reduce dependence on the mining industry by finding new engines of growth as well as promoting the development of non-traditional exports. Her Government was continuing its efforts to create a conducive environment for private sector development, focusing on stimulating export-oriented small- and medium-scale enterprises through the provision of microcredit and grants to women entrepreneurs in the rural areas. Other poverty alleviation measures included the land development programme, through which agricultural packages such as seed, livestock and extension services were provided free of charge, and old-age pension schemes for people aged 65 and above.

36. Women's role as health and economic managers should be recognized, especially in the context of the design and implementation of development plans. More should be done to facilitate greater access to and retention of girls in schools. The HIV/AIDS pandemic had exacerbated poverty in the region, as many breadwinners were lost and children orphaned. It was important for the effects of that pandemic to be seen in economic and social terms because, if it was left unchecked, it had the potential to reverse the notable gains that had been achieved.

37. **Mr. Escandero** (Mexico), noting that poverty was one of the major challenges facing the international community, said that there were clear shortcomings in the struggle for poverty eradication, particularly so far as providing an enabling international economic environment was concerned. That fact had been demonstrated in the case of Latin America and the Caribbean, where progress in social development had been dramatically affected by the turbulence on the international financial markets and large-scale natural disasters.

38. Poverty was a multidimensional phenomenon which called for comprehensive medium- and long-term strategies. In that regard, urgent action was required to maximize synergies at all levels to attack the root causes, and not just the symptoms, of poverty. It was vital to achieve sustainable

economic development in order to foster the creation of more and better jobs and to focus social efforts on education, health and nutrition, particularly in those countries and sectors that were lagging behind. To achieve success in that regard, the international community must support States' efforts to eradicate poverty, provide basic social protection and achieve development. He agreed with the emphasis in the Secretary-General's report on the need for a conducive international environment for integrating developing countries into the global economy. Greater access to the markets of industrialized countries, international financial stability and technological cooperation on an equitable and sustainable basis were indispensable to improving the conditions of developing countries in the era of globalization. To that end, Mexico attached priority to incorporating the challenges of development and to designing a new international financial architecture in the context of the forthcoming round of multilateral trade negotiations.

39. **Mr. Kolby** (Norway) said that strategies for poverty eradication must be flexible enough to work in a variety of situations, and substantial enough to address the underlying causes of poverty. Since an unsustainable debt burden was a major obstacle to achieving the goal of poverty eradication for many developing countries, his delegation supported the timely decision to enhance the HIPC initiative in order to secure faster, deeper and broader debt relief for those countries. It also supported the proposal to establish a stronger linkage between debt relief and poverty eradication and to channel resources freed up from debt servicing to finance social and human development projects, in line with the 20/20 Initiative. The new round of WTO multilateral trade negotiations must set a trade agenda that clearly reflected the interests of the poorest countries. Conditions for market access should be continuously improved; the special and preferential provisions of WTO should be kept under close review; and sufficient trade-related assistance should be provided.

40. While Norway welcomed the halt in the declining ODA trend, it would like to see such trend reversed and the 0.7 per cent target to be met. Norway had consistently exceeded the United Nations target for two decades and expected other Organisation for Economic Cooperation and Development (OECD) countries to do likewise. His Government was considering increasing the current year's ODA from 0.88 per cent to 1 per cent of GDP.

41. In his delegation's view, donors should coordinate their efforts and put results first, just as they had been asking the United Nations funds and programmes and specialized agencies to do. In that regard, the United Nations Development Assistance Framework, the Comprehensive Development Framework and the sectoral development approach held promise for the future. On the other hand, tied aid not only considerably increased the costs of development projects, but also resulted in a multitude of incompatible technical systems that increased recurrent costs for poor developing countries. In that regard, it was encouraging that the majority of OECD Development Assistance Committee members were now in favour of untying aid to the least developed countries.

42. Criteria for ODA should be performance-related and built on a more flexible assessment of the partner's efforts and commitment. Since the Government was the only body with the authority to implement policies that could remove inequalities, its role in poverty reduction was crucial. More investment was required in human capital, education and health.

43. Despite the wide agreement that the empowerment of women was a prerequisite for the effective eradication of poverty, the feminization of poverty seemed to be increasing. Indeed, many women could still not obtain modest loans that would allow them to become independent and productive members of society. Accordingly, changes were needed in legislation in order to reverse that trend.

44. Many studies had demonstrated that investment in women's education produced the highest social returns. Education improved income opportunities, strengthened cultural bonds and promoted women's participation in domestic processes. In that regard, while his delegation supported the recommendations contained in chapter V of the Secretary-General's report, it would like to see the Second Committee placing even greater emphasis on gender in subsequent recommendations.

45. **Archbishop Martino** (Observer for the Holy See) said that the fight against poverty was a moral imperative. Indeed, in a world dominated by globalization and the rapid dissemination of information, the spectacle of fabulously rich people living side by side with desperately poor people should no longer be tolerated. The poor were primarily victims of injustice.

46. One of the most glaring forms of injustice lay in the fact that it was impossible for the poor to have equal access to loans. He therefore welcomed the establishment of microcredit schemes, which were particularly relevant since they were often geared towards women. Experience had demonstrated that helping women was the best way to help eradicate poverty, because women spent most of their resources on their family. Indeed, microcredit was one of the most powerful tools for combating the shameful practice of

usury, which preyed on the poor in developing and rich countries alike. Moreover, it enabled the poor to exercise their right to economic initiative. As a rule, financing from microcredit institutions was usually cheaper than funding under development aid projects. However, much more needed to be done in this area to consider ways and means of implementing specific programmes targeting the poorest segments of the population.

47. There was also a need to establish a new culture of international solidarity. Unfortunately, international assistance had fallen to its lowest level in a number of years. Without an increase in development assistance funding, it would be impossible to meet all the current major challenges ranging from international debt, education and health to access to knowledge for the promotion of economic and social development. Care must be taken, in that regard, to ensure that the funds secured were spent on the objectives for which they had been earmarked. Assistance should not create fresh dependence, but should rather be targeted in such a way as to reach people currently living in poverty and put them in a position to become partners and participants in the grand common scheme of building a human family founded on justice and equity.

48. **Mr. de Moura** (Brazil) said that the recent increase in global poverty was alarming, and that gender inequalities were a very significant variable in the overall poverty equation. Development should lead to the expansion of real freedoms, including enhanced economic opportunity and security, good health and improved education.

49. The eradication of poverty could not be accomplished through anti-poverty programmes alone; it called for democratic participation and the reform of economic structures to ensure equal access to resources, opportunities and public services. National efforts would not succeed, though, without a supportive international economic environment. IMF and the World Bank had joined the United Nations in the struggle against poverty by seeking to integrate social development policy into their agendas. The involvement of the international community, non-governmental organizations and the private sector in the fight against social exclusion was also an encouraging sign.

50. In Brazil, the Government had undertaken to harmonize its internal economic and social reform processes to ensure that macroeconomic stability was consistent with job creation and poverty alleviation policies. Total social spending amounted to 20 per cent more than the target set at the World Summit for Social Development, and efforts to reorganize the national health system and to increase school enrolment rates had been successful. Additional financial stimulus to both rural and urban areas was also being provided for job creation. Furthermore, the "Community Solidarity" programme had been launched in 1995 to develop the partnership between public policy and an increasingly active civil society. The Government had just launched the "Active Community" programme, which took an integrated development approach involving local communities, government and the private sector in meeting basic needs.

51. The international dimension of any strategy to eradicate poverty was crucial. Resources alone were not enough; the international community must coordinate the commercial, financial and social aspects of economic development in order to ensure both growth and justice. Market forces alone would not generate social development. Without action to ensure international financial stability and fair and balanced trade practices, especially for commodities, the costs of globalization would increase, as uneven globalization aggravated exclusion and inequality.

52. **Mr. Shen Guofang** (China) said that poverty eradication had always been high on the agenda of the developing countries, and that the recent Asian financial crisis had raised difficult questions about the new challenges to poverty eradication posed by globalization. Many multilateral development agencies, especially UNDP, the United Nations Population Fund (UNFPA), the United Nations Children's Fund (UNICEF), the Food and Agriculture Organization of the United Nations (FAO) and the Bretton Woods institutions had therefore made it a priority of their work and were enhancing their coordination in order to achieve better results.

53. Cooperation among Governments, civil society and multilateral development agencies was the guarantee for substantive progress in eradicating poverty. Along with domestic efforts, the international environment must also be improved, as it could have a direct impact on developing countries, which were fragile and especially vulnerable to external blows. It must also be recognized that developing countries were vastly different from each other, and a one-size-fits-all policy would not work. In China's experience, measures taken must respond to local conditions. In order for poverty eradication measures to produce desired results, therefore, attention must be given to the concerns of the recipient countries, including their potential social consequences. Recently, IMF had decided to amend its policy of focusing on structural adjustment alone while neglecting the social dimension, and that new approach should have tangible results.

54. China had always given high priority to poverty eradication, and as a result of its efforts since the 1980s, the numbers of its population in abject poverty had decreased drastically. It would continue to intensify its efforts and was prepared to take an active part in international cooperation for the eradication of extreme poverty.

55. **Mr. Öztürk** (Turkey) said that poverty was certainly far from a new phenomenon; however, the reasons for the recent widespread concern with poverty eradication were linked to the forces that had been driving world development over the past two decades. First, technological developments had led to unforseen progress, yet countries remaining outside that process were likely to diverge more sharply from the mainstream of world development. Secondly, if one of the features of globalization was to turn the world into a global village through information and communications technologies, then growing disparities between developed and developing countries would become even more intolerable. Finally, overcoming poverty was increasingly perceived as a significant component of global progress.

56. The primary responsibility for poverty eradication lay with national authorities; it must be matched, however, with international action. There must be no illusions that poverty could be eliminated quickly; a long-term vision over a 20- to 25-year time frame was needed, with time-bound targets. In formulating policies to eradicate poverty, create jobs and empower women, non-governmental organizations also played an important role. They worked at the grass-roots level, close to the targeted populations, and their experience was a valuable input for policy formulation.

57. For Turkey, the objective of overcoming poverty was closely linked to the aim of achieving sustainable growth. While its growth rates had been relatively high and its incidence of absolute poverty low, the Government needed to take further measures to ensure equitable growth in the future.

58. The proclamation of 1997 to 2006 as the United Nations Decade for the Eradication of Poverty, the 20/20 Initiative and the goal of basic social services for all were of particular significance in international cooperation to reduce poverty. The United Nations system, with its extensive experience and expertise in development, had a major role to play in support of poverty eradication policies at the national level. The major global conferences of the 1990s had provided an appropriate background against which such policies could be elaborated.

59. In conclusion, his delegation agreed with the message of the 1997 *Human Development Report* that eradicating poverty everywhere was more than a moral imperative — it was a practical possibility. The resources and know-how existed to create a poverty-free world in less than a generation.

60. **Mr. dos Santos** (Mozambique) said that poverty was a potential threat to the social and political stability of his country, and hence was a matter of primary concern to his delegation. He commended the Secretary-General for the excellent work done thus far towards the eradication of poverty. The discussion on the implementation of the first United Nations Decade for the Eradication of Poverty would provide an opportunity to assess progress and to chart the way forward. Poverty had become a central theme in the international community, and Mozambique shared the goals set for halving absolute poverty by 2015. In order to achieve those goals, a genuine partnership among donors, developing countries, the United Nations system, the Bretton Woods institutions, non-governmental organizations and civil society at large should be forged without delay.

61. Developing countries had primary responsibility for addressing the issue of poverty eradication, which had become a key policy concern for many Governments. His Government had launched programmes, with UNDP support, aimed at the most needy social groups. His delegation was disturbed, however, by the drastic reduction in ODA and the fact that the target of 0.7 per cent of GNP for assistance had never been met. Lack of adequate assistance flows was seriously undermining development efforts. Mozambique was equally concerned by the sharp decline in funding for United Nations funds and programmes, particularly UNDP, which was endangering the system's capacity to address such major international problems as poverty eradication. His delegation appealed to the donor community to provide adequate funding.

62. The economies of the member countries of the Southern African Development Community (SADC) were continuing to grow at an annual average rate of 3 per cent, thanks to sound macroeconomic policies. However, in order to eradicate poverty, the region needed to grow at an average rate of 6 per cent. External indebtedness continued to be the single most important obstacle to the development of many countries, particularly in Africa. Thus, the enhanced HIPC initiative established by IMF and the replacement of the Enhanced Structural Adjustment Facility by a new Poverty Reduction and Growth Facility were particularly welcome.

63. Poverty eradication required true partnership among nations. Although developing countries had responsibility for putting together a comprehensive strategy for growth and poverty reduction, they lacked the capacity and resources

to implement it. Therefore, international assistance and cooperation were fundamental.

64. **Mr. Gamaleldin** (Egypt) expressed support for the statement made by the representative of Guyana on behalf of the Group of 77 and China. The eradication of poverty was not only the central focus of the Committee's work, but the main goal of the international community's efforts to achieve sustainable development.

65. The time had come to envisage a single integrated policy framework, one that would include the issues of trade, finance, technology and others within its purview and would be dedicated to the attainment of that goal.

66. In a context of economic, political and social globalization and an unprecedented technological revolution, half a century after the proclamation of the Universal Declaration of Human Rights, it was inconceivable that some countries should be unwilling to fulfil their commitments in that connection. Yet that was what appeared to be happening. The developed countries were erecting tariff barriers against the exports of the developing countries. With the honourable exception of the Scandinavian countries, they were cutting back on ODA. Moreover, they were not addressing the issues of technology transfer and intellectual property rights, which together acted to prevent the developing countries from benefiting from technological progress.

67. The multidimensional phenomenon of poverty had been addressed by many international organizations and agencies in recent years, to their credit. The recent summit meeting in Cologne had taken a step in the right direction by calling on IMF and the World Bank to cooperate with the developing countries in working out a new anti-poverty strategy in the context of a debt relief initiative for the benefit of the heavily indebted poor countries. The recently announced effort by the President of the United States of America in that connection was welcome. Debt relief would mean that those countries' resources could be redirected to the work of development instead of being swallowed up by debt servicing. As yet, however, most of the burden of the HIPC initiative was being borne by the Scandinavian countries, the Netherlands and Switzerland; the other industrialized countries should assume their fair share.

68. Non-governmental organizations were doing good work in spreading awareness of poverty as a major challenge facing the international community. The organizations of the United Nations system should cooperate more closely with non-governmental organizations to mobilize world opinion in favour of the eradication of poverty. States, too, should translate their professed solidarity with the developing countries in the fight against poverty into tangible form, especially since poverty was a dangerous phenomenon that constituted a threat to international peace and security, as the Secretary-General had noted in his report (A/54/316).

69. It was intolerable for half of humanity to live in abject poverty, or for the international community to be incapable of reducing mortality rates among the world's children or providing them with basic vaccines. The necessary resources and knowledge were available; it was the political will and the courage to shoulder responsibility that were lacking.

70. **Mr. Sfeir-Younis** (World Bank), noting the ineffectiveness of previous approaches to poverty eradication, suggested that the Second Committee should consider conditions facing developing countries which might provide an opportunity to reduce poverty; the main elements of a new strategy to combat poverty globally; and the meaningful use of existing political and institutional mechanisms to that end. Conditions which might assist developing countries in addressing poverty issues at the macroeconomic, institutional and policy levels were, respectively, globalization; the awareness-building role of civil society and the role of the private sector, particularly in creating jobs and spurring rapid economic growth; and the achievement of a balance between the economic and financial aspects of development and social, cultural and institutional concerns.

71. The World Bank was supporting efforts to maintain an enabling environment for poverty reduction in developing countries through their integration into the global financial system and the creation of an International Task Force on Commodity Risk Management In Developing Countries to explore new market-based approaches to managing vulnerability and commodity price volatility.

72. Core elements of a new poverty eradication strategy should include a broadly based understanding of the mechanisms of sustainable poverty reduction; the selection of those public interventions that would have the largest impact on the poor and reduce their vulnerability by reducing income volatility resulting from global and domestic shocks and natural disasters; and the establishment of outcome indicators. The poor must fully participate in and own the design and implementation of poverty reduction strategies, and support must be given to the types of government structures that would enable the poor to lead the eradication process. He called for the building of broad coalitions at the international and national levels to achieve the political and institutional consensus-building necessary to bring about radical changes in patterns of income and wealth distribution. Such coalitions could include, *inter alia*,

the private sector, civil society, governments, religious groups and unions. The undertaking would require new national and global rules and behaviour; a development architecture that also accorded priority to social inclusion; and a major change in the world's value system, in economic and social behaviour and in the language of development.

73. **Dr. Bassani** (World Health Organization) expressed concern at the overall lack of progress in achieving the global goals of reducing infant and child mortality by two thirds and maternal mortality by three quarters by 2015. He noted that simply implementing the right policies could improve a population's state of health, as demonstrated by the experiences of some countries. The preparations for the special session of the General Assembly for an overall review and appraisal of the implementation of the outcome of the World Summit for Social Development and to consider further actions and initiatives should provide an opportunity to focus international attention on health concerns.

74. A number of challenges lay ahead, including the achievement of a serious reduction in excess mortality and morbidity among the poor, which would require Governments to reallocate resources to activities that had proved to be effective and to focus on major diseases, such as malaria, HIV/AIDS and tuberculosis, and on the most vulnerable populations, particularly women. Another challenge would involve tackling major threats to health resulting from economic crises, unhealthy environments, risky behaviour such as tobacco addiction, and sectoral policies which ignored health consequences.

75. Noting that public sector health services were chronically underfunded and that private health care was often inefficiently regulated, he called for the development of more effective health-care systems and services. In sub-Saharan Africa, less than 25 per cent of recurrent expenditures in the public sector were allocated to primary health care, and health-care personnel were concentrated in urban areas to which the majority of the poor had no access. Indeed, the prohibitive cost of medical care was a common cause of poverty, particularly if sudden illness or injury affected the household breadwinner. Thus, social insurance, including that which was based on traditional systems or microcredit schemes, was a vital poverty reduction tool. WHO welcomed recent agreements on debt relief, which might enable poor countries to focus more resources on their health problems.

76. He stressed the need to invest in building a knowledge base accessible to all countries. Currently, 90 per cent of annual expenditure on health research was directed at addressing the problems of the affluent.

77. Improving and protecting the health of the poor must be a shared goal of all institutions working to eliminate extreme poverty. However, public health advice was rarely sought in development decision-making, and health was not an integral component of poverty reduction programmes. On the contrary, some economic development policies actually aggravated health problems; for example, unregulated air pollution had led to a rising incidence of respiratory disease. WHO believed that the special session of the General Assembly in 2000 for an overall review and appraisal of the implementation of the outcome of the World Summit for Social Development could attract strong political support for mainstreaming a health component in the development process.

78. **Mr. Lisk** (International Labour Organization) said that poverty eradication was linked to the four strategic objectives of ILO. The reorganization and mainstreaming of the work of ILO had sharpened its overall focus on poverty, particularly the problems of the working poor, whose numbers had swelled as a result of economic growth that was insufficient to absorb surplus and new labour and led to the informalization of the world of work. It was imperative to establish a coherent policy, at both the national and international levels, for addressing the problems of the working poor, with emphasis on job creation, social protection and social integration. In crisis-affected countries and marginalized economies in developing regions, where the situation of the working poor was further aggravated by the negative impact of globalization and neoliberal policies, it was vital to protect employment opportunities and to maintain an adequate social safety net.

79. ILO provided advice to Member States on the design and implementation of a labour market policy that would address the specific employment and income needs of such vulnerable and disadvantaged groups as women, young job-seekers, the elderly and the disabled. It also advised Member States on the application of labour-based investment policies in both large-scale sectoral investment programmes and local-level projects. Such advice was particularly useful in the context of reconstruction and recovery programmes in conflict-afflicted areas. In June, ILO had taken another crucial step to eradicate poverty by adopting a convention banning the worst forms of child labour in all circumstances.

80. The interrelationship among growth, employment and poverty, with particular reference to gender dimensions, had been analysed in a paper prepared by a United Nations inter-agency team under ILO leadership for the high-level

segment of the substantive session of the Economic and Social Council in 1999. The debate on that paper had reaffirmed the importance of access to employment, including private sector self-employment and cooperatives, for poverty eradication. The deliberations of the Second Committee should contribute to improving coordination between national and international efforts to reduce poverty through the attainment of sustainable, employment-oriented growth.

81. As indicated in the report of the Secretary-General (A/54/316, para. 12), ILO had promoted employment-intensive policies and programmes and assisted Member States in their implementation. Pursuant to the commitments adopted by the World Summit for Social Development, it had, in close cooperation with other United Nations agencies and the Bretton Woods institutions, implemented a number of country employment policy reviews which had demonstrated the role of productive employment in poverty reduction. The reviews had been a valuable input in preparing the ILO report for an international consultation concerning follow-up to the World Summit for Social Development it would convene in Geneva in early November, in anticipation of the special session of the General Assembly in 2000 for an overall review and appraisal of the implementation of the outcome of the World Summit for Social Development.

82. **Mr. Vaher** (United Nations Children's Fund) said that providing a package of high-quality basic social services for children was one of the most effective means of reducing poverty. That package should include universal access to basic education, primary health care, adequate nutrition, and water and sanitation facilities. He called for policy reforms that would create the enabling environment necessary to develop the basic capabilities of women and children. In that connection, UNICEF supported the 20/20 Initiative, for which it was the lead agency within the United Nations system, and enhanced debt relief. At the national level, it supported budget and assistance reviews leading to policy dialogue on basic social services; at the international level, it coordinated United Nations efforts to promote the 20/20 Initiative and had assisted the Governments of the Netherlands, Norway and Viet Nam in organizing two international meetings on its implementation, one in Oslo in 1996 and one in Hanoi in 1998.

83. Social outcome indicators suggested that virtually all countries currently underinvested in basic social services. However, the estimated global shortfall of $80 billion represented only .25 per cent of global annual income. The 20/20 Initiative could generate the resources to close that gap. Increased ODA could also play a critical role in improving access to primary health care, basic education, and water and sanitation facilities.

84. Many developing countries spent more on debt servicing than on basic social services. UNICEF called for faster and steeper debt relief, a precondition for budget restructuring in favour of the poor and children. In that connection, it supported the revised HIPC initiative and the strengthening of the linkage between debt relief and poverty reduction. UNICEF hoped that the countries participating in the new HIPC initiative would accord priority to poverty reduction. It was encouraging that Uganda, the first country to receive HIPC support, had been educating an additional 2 million children since the debt relief was granted. Lastly, debt relief must be funded by new money rather than ODA. UNICEF urged the industrialized countries and international financial institutions to allocate additional resources for that purpose.

The meeting rose at 12.55 p.m.